



## NATIONAL LOW INCOME HOUSING COALITION

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*Founded in 1974 by  
Cushing N. Dolbeare*

May 17, 2013

Re: Proposed Changes to Interagency Q+A

OCC: Docket ID OCC-2013-0003

Federal Reserve: Docket No. OP-1456

FDIC: Attention: Comments on CRA Interagency Q&A

To Whom It May Concern:

The National Low Income Housing Coalition (NLIHC) is pleased to submit comments in response to the proposed revisions to the "Community Reinvestment Act: Interagency Questions and Answers Regarding Community Reinvestment," published in the Federal Register on March 18, 2013.

NLIHC is a non-profit policy advocacy and research organization dedicated solely to achieving socially just public policy that assures people with the lowest incomes in the United States have affordable and decent homes. Our members include nonprofit housing providers, homeless service providers, fair housing organizations, state and local housing coalitions, public housing agencies, private developers and property owners, housing researchers, local and state government agencies, faith-based organizations, residents of public and assisted housing and their organizations, and concerned citizens. NLIHC works only on behalf of and with low income people who need safe, decent, and affordable housing, especially those with the most serious housing problems.

We are very pleased to see the proposed revisions to the Q&A, and we greatly appreciate the effort that went into developing the document. While we believe more should be done to enhance community reinvestment activity in underserved communities, the document is an important first step in implementing feedback received by the Agencies in 2010, and will help clarify many areas of uncertainty in the Q&A. We expect that the revisions will lead to increased community development activities in many underserved low income communities.

Such an increase in community development investment is clearly needed, particularly as related to the development of affordable housing. In 2011 there were 40.1 million renter households in America, 10.1 million of whom who could be classified as extremely low income (ELI), meaning households with incomes at or below 30% of the area median. This is the only income group for which there is an acute shortage of affordable housing. In 2011, there was a shortage of 7.1 million rental units available and affordable for the 10.1 million ELI renters.

As you are aware, the purpose of the Community Reinvestment Act (CRA) is to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low and moderate income neighborhoods, consistent with safe and sound banking operations. To address the aforementioned shortage of housing affordable and available to extremely low income households, NLIHC recommends that CRA regulations and examinations be revised to encourage institutions to meet the need in their communities for the financing of affordable rental housing. While NLIHC believes that the revised Q+A will encourage the financing of affordable housing in parts of the country that are currently underserved, NLIHC recommends that the comments be revised to clarify that CRA consideration or credit will be provided for financing for housing affordable to ELI households. Attention should be paid to ensure in affordability assessments CRA credit is only be received for financed projects where renters pay no more than 30% of their income for rent—the long-standing industry standard for affordability.

NLIHC and the more than 1,000 organizations that comprise the United for Homes campaign are working to capitalize the authorized National Housing Trust Fund (NHTF). The purpose of the NHTF is to expand the supply of housing of rental housing that is affordable to extremely low households. When funded, NHTF dollars could be layered with Low Income Housing Tax Credits (LIHTC), or funding through other government programs, to produce housing affordable to ELI households. It should be noted that programs such as LIHTC, while targeted to a slightly higher income group than ELI, can and sometimes are used to produce housing affordable ELI households. However, it is difficult to deeply target housing to be affordable to this income group without further subsidies like the NHTF. We recommend that, in affordability assessments, CRA credit be awarded when NHTF-funded properties are financed.

The proposal in the March 18 document to provide favorable CRA consideration for community development financing in statewide regional areas, as long as the financing is not “in lieu of or to the detriment of” financing in a bank’s CRA assessment area is a positive first step in encouraging community development financing in underserved areas. However, NLIHC is concerned the “in lieu of or to the detriment of” language without further clarification will undoubtedly rely on the judgment of examiners. The lack of clarity around the language may continue to discourage investment in areas outside of the formal assessment areas.

NLIHC recommends that requirements be specified to ensure that this revised language is applied in a consistent and transparent manner.

NLIHC also concurs with comments submitted by the National Community Reinvestment Coalition (NCRC), in which NCRC argues that broader changes to banks' assessment areas would have a greater impact on increased community development activities and financing in underserved areas, than the changes proposed by the Agencies. NCRC states in its comments that "the agencies should designate additional assessment areas for counties and metropolitan areas in which a bank makes sizable number of loans but in which the bank does not have branches." Expanding assessment areas will provide more clarity for where favorable CRA consideration can be received.

NLIHC also agrees with NCRC's recommendation that the proposed changes include additional data disclosure requirements—specifically data on community development lending and investing at the census tract level. NLIHC is particularly interested in having data on affordable housing investment be separately listed as a unique data field. Such data could be used to further assess the shortage of affordable housing for ELI households and track efforts to remedy it.

Thank you again for the opportunity to comment on the proposed revisions to the CRA Q&A document. Please do not hesitate to contact me if you have any questions or would like to discuss our comments further.

Sincerely,

A handwritten signature in black ink, reading "Sheila Crowley". The signature is fluid and cursive, with the first name "Sheila" written in a larger, more prominent script than the last name "Crowley".

Sheila Crowley  
President and CEO